



Good stuff.



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501 NORTH SANDERS #201

HELENA MT 59601

406-442-6600

FAX 406-443-4281

www.mttrucking.org

Testimony HB 309

Mr. Chairman members of the committee for the record I am Barry Stang Executive Vice President of the Montana Motor Carriers Association. MMCA and its 800 members would like to go on record in opposition to HB 309.

We urge you to vote NO on House Bill 309 which would mandate a 2% minimum biodiesel content for diesel fuel sold in Montana. The trucking industry supports the voluntary use of low percentage blends of biodiesel and is advocating the inclusion of biodiesel in the national diesel fuel standard. The trucking industry adamantly opposes state biodiesel mandates, which disrupt diesel fuel markets, raise fuel quality concerns, and disadvantage local trucking companies.

I will not read My full testimony to you but will hit on some of the points that need to be stressed.

Biodiesel Mandates Result in Higher Diesel Prices for Consumers:

☐ Biodiesel is significantly more expensive to produce and distribute compared to petroleum-based diesel fuel. In the absence of generous federal subsidies due to expire in 2008, biodiesel typically costs \$1 per gallon more than today's diesel fuel. In addition, state biodiesel mandates put additional pressure on the price of the feed materials used to make biodiesel, which further increases the cost of biodiesel production.

☐ Biodiesel does not move by pipeline and must be distributed using tank trucks and rail cars. The fact that biodiesel does not move by pipeline further increases its costs.

☐ Boutique fuel mandates eliminate competition and results in higher fuel costs, placing locally-based trucking companies at a competitive disadvantage. *See second page for CARB-diesel example*

☐ Boutique diesel fuels (including biodiesel) prevent the rapid response to supply shortages, resulting in price spikes that are devastating to the trucking industry.

- ☐ A federal approach to increase biodiesel use is being pursued and will result in increased biodiesel production, while minimizing market distortions that are harmful to consumers.

Quality Concerns There are no ASTM standards in this bill

- ☐ Biodiesel is relatively easy to make, however, high quality biodiesel is difficult to consistently produce.
- ☐ Last winter, the trucking industry experienced problems in Minnesota caused by poor quality biodiesel. In fact, the Minnesota mandate was suspended twice as a result of poor quality biodiesel.
- ☐ More recently, the National Biodiesel Board, in conjunction with the National Renewable Energy Laboratory, conducted a survey of 40 biodiesel producers and found that one-third of the samples taken did not meet the American Society of Testing Materials (ASTM) quality specifications. This survey resulted in the NBB issuing a winter weather advisory on biodiesel use.
- ☐ At a minimum this bill should address ASTM standards (6751 and 975), batch testing requirements, producer requirements]

Operating Concerns:

- ☐ Biodiesel has a lower energy content than petroleum-based diesel fuel, which reduces fuel economy and requires the end-user to purchase more fuel to do the same amount of work.
- ☐ Biodiesel reduces cold weather performance and causes diesel to gel at a higher ambient temperature.
- ☐ Biodiesel may act like a solvent and could cause fuel filters to clog. The need to change fuel filters ahead of ordinary maintenance schedules increases maintenance costs.
- ☐ The bill requires pump labeling and does not provide for how to adjust labels when mandate id off and on.

What happens if the standard is removed for a short time, what happens to the bad product that is left in the tank, is it blended with regular diesel that is then put into the tank or is the retailer required to remove bad product.

Which state agency is going to monitor and ensure standards that are put into law, will it be MDOT, Department of Commerce, DEQ who and what will be the cost to taxpayers to ensure this agency is set up correctly.

I have also attached a couple of articles that have been put out by the national Biodiesel Board in regards to the lack of standards in the industry and that buyers should beware when purchasing biodiesel. And a position paper from ATA which outlines the industries stance on Biodiesel.

HB 309 falls far short of what the trucking industry could accept in biodiesel standards. Both the MMCA and The American Trucking Associations are willing to support a Federally mandated biodiesel blend that has standards that must be used in all 50 states. It would be virtually impossible to build engines, filters and injectors that can deal with 50 different standards.

Members of the committee we respectfully urge you to vote no on HB 309.

*I have also enclosed testimony given just yesterday
by ATA to ^{US} Senate Energy & Natural Resources Committee*